

05/29/2020

FINAL MEDIUM TERM REVENUE AND EXPENDITURE

2020/2021



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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NGO	Non-Governmental organizations
GAMAP	Generally Accepted Municipal Accounting Practice	NKPIs	National Key Performance Indicators
GDP	Gross domestic product	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PBO	Public Benefit Organizations
HR	Human Resources	PHC	Provincial Health Care
HSRC	Human Science Research Council	PMS	Performance Management System
IDP	Integrated Development Strategy	PPE	Property Plant and Equipment
IT	Information Technology	PPP	Public Private Partnership
km	Kilometer	PTIS	Public Transport Infrastructure System
KPA	Key Performance Area	RG	Restructuring Grant
KPI	Key Performance Indicator	RSC	Regional Services Council
		SALGA	South African Local Government Association
		SAPS	South African Police Service
		SDBIP	Service Delivery Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

MAYOR'S REPORT

2020/21 FINAL BUDGET PRESENTATION BY HIS WORSHIP THE MAYOR COUNCILLOR CT KHUMALO OF BIG 5 HLABISA MUNICIPALITY AT THE COUNCIL MEETING HELD IN THE MUNICIPAL COUNCIL CHAMBER ON THE 29 MAY 2020

Councilors, Officials and members of the public I wish to present an overview of the Final Budget and Medium Term Revenue and Expenditure Framework (MTREF) for 2020/21 financial year, for Big 5 Hlabisa Municipality. The Final Budget and MTREF has been compiled in terms of the provisions of the Local Government: Municipal Finance Management Act, MFMA circular 99, as well as the MFMA Budget and Reporting Regulations.

The 2020/2021 Final Budget Review notes that the municipality is now five years old being merged municipality and have brought enduring achievements for community, there is no room for complacency, we have to continue to work hard as Big 5 Hlabisa Municipality, together with all other organs of government to improve the lives and the wellbeing of our communities. To overcome apartheid's spatial legacy, the provision of housing and social infrastructure needs to be improved, and planning frameworks in the municipality strengthened. As Big 5 Hlabisa Municipality, our budget and operational processes need to respond accordingly to these needs. The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth which is in line with the implementation of the National Development Plan. Although South Africa's economy has expanded over the past years, the rate of growth and employment has steadily declined. The budget also considers the crisis that south African economy faces, The considerations of circulars as gazette by the treasury department.

The municipality is taking a conservative approach to discretionary expenditure with emphasis on cutting down on 'nice to haves' and adherence to cost containment measures as outlined in the MFMA Circular 86 and 93 issued by the Minister of Finance through National Treasury. Inflation, adjustment to vat, fuel increases, employee's standard of living and increase in unemployment rate will put a strain our country's economy. The impact of these, is a decline in GDP and a possible repeat of the so called economic recession that was experienced in 2008. This will consequently put the budget of Big 5 Hlabisa Municipality and all other entities in both public and private sector under pressure over the medium term, requiring the municipality to work more efficiently and to be more economical with its spending.

Compatriot, with the tabled Budget and MTREF, the municipality will endeavor to address the following management issues:

- The municipality is serious to act as a catalyst for economic growth through creating an environment for investment and other activities that foster job creation.
- The municipality is making further efforts in finding savings to eliminate waste and reprioritize spending toward key Local Economic Development and Social and Poverty Relief projects.
- The municipality's revenue and cash flow are expected to remain under pressure in 2020/2021, and so the municipality has adopted a conservative approach when projecting the expected revenue and cash receipt which is in line with the prudence concept of accounting and finance management.
- The municipality will also pay particular attention to manage revenue effectively and carefully evaluate all spending decisions.

- The municipality will also consider a minimum of 30% to women, youth, people with disability and war veterans whenever there is award of capital projects. Provided it is possible and all logistic are in compliance with the required standards.

The Final Budget tabled today is in line with National priorities:

- Creation of decent employment opportunities
- Infrastructure development such as:
- Roads (Rural & Urban)
- Electricity
- Local Economic Development

I would like to request administration not to employ people without any reference to the level of staffing required to deliver effective service and to consider the percentage of staffing. Effect remuneration increases associated with bargaining council decisions and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labor intensive methods wherever appropriate;
- Ensuring that service providers use labor intensive approaches;
- Supporting labor intensive LED projects;
- Participating fully in the Expanded Public Works Programme where an allocation of R2,148 million has been made in this budget; and
- Implementing interns programmes to provide young people with on the job training using R2,5 million (for 6 people) Finance Management Grant provided by National Treasury as per 2020/2021 DORA (Division of Revenue Act) promulgation.

With reference to employment creation, provision is made for the following:

- Contractors that are appointed for Municipal Infrastructure Grant (MIG) projects, are encouraged to make use of local labor;(30%)
- R200 thousand from the equitable share is allocated for LED projects;
- Currently the Big 5 Hlabisa must appoint at least 6 financial interns.

When the rates, tariffs and other charges for the 2020/21 budget and MTREF were revised the Council took into account the labor (i.e. the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy. The municipality also took into account relevant policy developments in the different sectors. The municipality is structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services. The budget depicts a total capital expenditure increase of R7,2 million & a total operating expenditure increase of R6,4 million, which is as follows:

Capital Budget (increase) from	R 24,607 million to R 31,489 million,
Operating budget (increase) from	R 168,999 million to R183,426 million

Capital Budget

The following guidelines were applied in order to value and prioritize the capital projects:

- In line with the Council's IDP
- Carryover of previously approved projects from dissolved municipalities are still work in progress.

It must be noted compatriot that there are projects that were prioritized and started in 2019/20 financial year that are still under construction and will be funded in Final 2020/21 Budget. It will be wise fellow councilors not to prioritize many projects for the next financial year until the existing projects are finalized.

The Capital Budget is funded as follows over the medium term:

Municipal Infrastructure Grant (MIG)	R 21,239,000
Sports and Recreation	R 10,250,000

Operating Budget

Operating Revenue Framework

The municipality is budgeting for an operating revenue of R158,823 million of which the detail revenue sources are reflected in the executive summary of the budget document.

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories for the Big 5 Hlabisa Municipality remain as follows:

Property Rates	4%
Solid Waste	4%
Sundry	4%

National Treasury in circular 86 & 99 of the MFMA encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band. The municipal tariffs were increased by 4% which is same as the last financial year, this increase is within the limits of 6 per cent maximum projected inflation target, the municipality believes it is also realizable

Transfers and Grants has increased by R 7,371million and is now 78% of the total operating Revenue. This ratio needs to be closely monitored as it continuously shows increase in our municipality's grant dependency. I implore administration together with oversight structures to explore other innovative ways to enhance revenue in order to maintain a reasonable balance between government grants and municipality's own generated revenue.

Operating Expenditure Framework

The municipality is budgeting for expenditure of R174,002 million of which the detail expenditure types are reflected in the executive summary

Major components of Operating Expenditure are:

- ✓ Employee related costs – representing 49.37% of the total operating budget expenditure. A salary increase of 6.25% is based on the consumer price index.
- ✓ Remuneration of Councilors – representing 4.80% of the total operating budget. The Municipality considered the DORA guideline on this line item. The remuneration of Councilors is determined by the Minister of Co-Operative Governance and Traditional Affairs, in accordance with the remuneration of Public Bearers Act (Act 20 of 1998).
- ✓ Depreciation and asset impairment – Provision for depreciation has been informed by the municipality's asset management policy and based on the municipal Annual Financial Statements.
- ✓ Contracted Services – As part of the compilation of the 2020/21 budget and MTREF, this group of expenditure was critically evaluated and operational efficiencies are enforced. This group of expenditure totals R22,453 million.
- ✓ Other expenditure – comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Equitable Share Grant

In terms of the division of the revenue bill, as published in the government gazette of February 2020, the Council will receive the following amounts as it's equitable share grant from National Treasury, for the next three years:

2020/2021	-	R 116,077 million
2021/2022	-	R 125,324 million
2022/2023	-	R 133,428 million

The Equitable Share figures above are allocations as per DORA. The millions of rands being poured into our rural communities for various activities, is a further commendable effort by Council to show our people that we are serious in attending to their needs.

All current grants, rates rebates, free electricity and free refuse charges will remain in force to the benefit of those people, receiving such benefits.

I want to stress that citizens will mostly benefit if everyone is compassionate in ensuring that they excel in what they do. Management must manage effectively whilst Councilors play their oversight role effectively.

The citizens sympathy is determined by the extent to which municipal officials, business chambers and community organizations have a common understanding of our community's problems, challenges and opportunities to develop.

No bureaucracy rests indeed on their laurels if they know people are united in their efforts to improve living conditions for all. On the other hand, apathy or lack of interest of citizens creates a fertile breeding

ground for poor service delivery, crumbling infrastructure, corruption and blatant disregard for good management practices.

Poor service delivery and poor control remain a serious challenge in most municipalities. At most of the municipalities, fruitless and wasteful expenditure continues to be an area of concern requiring serious attention to manage and prevent. The aforementioned can be prevented by implementing proper monitoring systems to identify problems.

I therefore would like to encourage all key stakeholders in our community to focus on forming a partnership with Big 5 Hlabisa Municipality, especially on the field of Local Economic Development.

Councillors, I would like to take this opportunity to express my gratitude and appreciation to the following people:

- ✓ The Municipal Manager, Directors and staff of the various departments, for their inputs in the budget;
- ✓ The community in the both municipal areas for their support and co-operation, to make our municipality a pleasant area to stay in.
- ✓ Councilors for their inputs at the budget in different committee's consultation meetings.
- ✓ Rate payer's association.
- ✓ And other stakeholders who will have an input further in the budget.

I note the Final Medium Term Revenue and Expenditure Framework commencing in 2020/21 as detailed in the document with recommendations for adoption by Council.

I thank you.

1.2 Council Resolutions

On 29 May 2020 the Council of Big 5 Hlabisa Municipality met in the Council Chamber of Municipality to Adopt the Final Annual budget of the KZN276 municipality for the financial year 2020/21 and outer years. The Council approved the following resolutions:

1. Council acting in terms of section 16 of the Municipal Finance Management Act, (Act 56 of 2003) notes:

1.1. The Final annual budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Final Budgeted Financial Performance (revenue and expenditure by standard Classification)

1.1.2. Final Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.1.3. Final Budgeted Financial Performance (revenue by source and expenditure by type)

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Final Budgeted Financial Position;

1.2.2. Final Budgeted Cash Flows;

1.2.3. Cash backed reserves and accumulated surplus reconciliation;

1.2.4. Asset management; and

1.2.5. Basic service delivery measurement.

2. Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) Approved.

2.1. The tariffs for property rates,

2.2. The tariffs for solid waste services

2.3. the tariffs for Mining industries

3. Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approved effectively the Municipality's tariffs for other services, as set out in the tariffs Schedule.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were received as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high priority programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the

Municipality truly involves all citizens in the process of ensuring a people lead government.

The budget/IDP process occurred according to the budget timetable approved by Council during August 2019. This ensured compliance with the LG: MFMA and subsequent circulars in the preparation and approval of the multi-year budget/IDP.

The Budget and Medium-Term Revenue and Expenditure Framework (MTREF) was also prepared taking cognizance of the contents of the Local Government: Municipal Finance Management Act No 56 of 2003, Circular No. 86, 93 and 94, and the LG: MFMA Budget Formats Guide received from National Treasury and changes in economic dynamics of the country.

The main challenges experienced during the compilation of the 2020/21 Budget and MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Ageing roads and other municipal amenities;
- The issue of the Pandemic that the whole country is facing COVID-19;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- High number of employees including the vacancies in some positions in the Municipality including Director Technical and planning positions being vacant (Current incumbent being acting).
- Affordability of capital projects-original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2020/21 budget and MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2020/21 Budget and MTREF:

- The 2019/2020 Adjustments Budget priorities and targets for municipality, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/2021 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of refuse services. In addition, tariffs need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

- The challenges with the execution of the MSCOA Version 6.4 with its conditions.

In view of the following table is a consolidated overview of the proposed 2020/2021 Budget and Medium-term Revenue and Expenditure Framework

Consolidated Overview of the 2020/2021 Budget and MTREF

Details	Adjustments Budget	Budget Year	Budget Year	Budget Year
Total operating revenue	150 305	158 583	165 004	174 827
Total operating Expenditure	168 999	174 002	183 426	194 761
(Surplus)/Deficit for the year	(18 694)	(15 179)	(18 422)	(19 934)
Total Capital Expenditure	24 607	31 489	22 761	23 875

Total operating revenue has increased by 5.2 per cent or R8,278 million for the 2020/2021 financial year when compared to the 2019/2020 Adjustments Budget.

Total operating expenditure for the 2020/2021 financial year has been appropriated at R174,002 million and translates into a budgeted deficit of -15,719 million. When compared to the 2019/2020 Adjustments Budget, operational expenditure has increased by 2.9 per cent in the 2020/2021 budget.

The capital budget of R31,489 million for 2020/2021 is 22 per cent greater when compared to the 2019/2020 Adjustments Budget. The capital budget is mainly funded from Government grants over the MTREF (MIG).

Operating Revenue Framework

For Big 5 Hlabisa to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 70 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

The following table is a summary of the 2020/2021 Budget and MTREF (classified by main revenue source):

KZN276 Hlabisa Big Five - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	8 277	16 778	16 455	18 269	18 269	18 269	18 269	19 000	19 760	20 550
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 470	2 020	2 077	2 354	2 354	2 354	2 354	2 448	2 546	2 648
Rental of facilities and equipment		194	260	265	284	284	284	284	296	308	320
Interest earned - external investments		733	1 166	1 239	900	1 200	1 200	1 200	1 248	1 298	1 350
Interest earned - outstanding debtors		–	4 723	5 965	3 870	3 870	3 870	3 870	3 860	4 015	4 175
Dividends received						–	–	–	–	–	–
Fines, penalties and forfeits		534	1 044	1 036	900	900	900	900	936	973	1 012
Licences and permits		1 555	1 879	2 354	2 402	2 402	2 402	2 402	2 498	2 597	2 701
Agency services						–	–	–	–	–	–
Transfers and subsidies		84 710	101 769	102 821	116 661	117 526	117 526	117 526	124 897	132 425	140 945
Other revenue	2	305	466	4 763	500	1 000	1 000	1 000	1 040	1 082	1 125
Gains			869	2 445	–	2 500	2 500	2 500	2 600	–	–
Total Revenue (excluding capital transfers and contributions)		97 778	130 974	139 419	146 140	150 305	150 305	150 305	158 823	165 004	174 827

In line with the formats prescribed by the Municipal Budget and reporting regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

KZN276 Hlabisa Big Five - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description			2020/21 Medium Term Revenue & Expenditure Framework		
			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	Adjusted Budget	0%			
Revenue By Source					
Property rates	18 269	3.85	19 000	19 760	20 550
Service charges - electricity revenue	—	-	—	—	—
Service charges - water revenue	—	-	—	—	—
Service charges - sanitation revenue	—	-	—	—	—
Service charges - refuse revenue	2 354	3.85	2 448	2 546	2 648
Rental of facilities and equipment	284	3.85	296	308	320
Interest earned - external investments	1 200	3.85	1 248	1 298	1 350
Interest earned - outstanding debtors	3 870	- 0.25	3 860	4 015	4 175
Dividends received	—	-	—	—	—
Fines, penalties and forfeits	900	3.85	936	973	1 012
Licences and permits	2 402	3.85	2 498	2 597	2 701
Agency services	—	-	—	—	—
Transfers and subsidies	117 526	5.90	124 897	132 425	140 945
Other revenue	1 000	3.85	1 040	1 082	1 125
Gains	2 500	3.85	2 600	—	—
Total Revenue (excluding capital transfers and contributions)	150 305	5.36	158 823	165 004	174 827

Revenue generated from government grants forms a significant percentage of the revenue basket for the Municipality. In the 2019/20 financial year, revenue from rates total R18,269 million. This increases to million, R19,000 million (20/21), R19,760 million (21/22) and R20,550 million (22/23) in the respective financial years of the MTREF and Property rates is the second largest revenue source.

The second internally generated source of income is from Interest billed on Outstanding Debtors municipality is billing interest in current and all long outstanding debtors. The third largest internally generated source of revenue is from gains on disposal of PPE (Sale of Land) which is measured in terms of GRAP 23 (revenue recognition).

Operating grants and transfers totals R124,897 million in the 2020/21 financial year and increases to R132,425 in 21/22 and a continuous increase to R140,945 million by 2022/23.

2.1 Tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality and avoid huge debt, that our consumers will not be able to afford.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement, etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by their operational efficiency gains or service level reductions. Within this framework, the municipality has undertaken the tariff setting process relating to service charges as follows.

The municipality has not increase the tariffs from 2019/2020 financial year as the municipality is implementing the new Valuation Roll effective 1 July 2020, the decision to not increase the tariffs is mainly because excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

2.2 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly. Number of Properties


has changed and all the numbers are now based on the Valuation roll that will be implemented at the beginning of 2020/2021 Budget year (01 July 2020) as populated in table SA11 and SA12.

The municipality has sold a number of sites that has been developed and are currently being developed, and considering the new valuation changes the budget for Property rates seems to be understated and will be adjusted accordingly during the adjustments budget, as then the monthly actuals after taking valuation roll changes into account will be good bases for the property rates. The municipality has increased the budget by 4% from 2019/2020 to 2020/2021 until the new bases then line item will be adjusted accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R45 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;
- As per the Municipal Property Rates Act (MPRA) Section 93A transitional arrangement for public service infrastructure the municipality has taken into account that rates levied should be not more than 60 percent of the rate charged in 2019-20 Financial Year and the Property Rates policy provides an indication that these amendments have been taken into account
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate- able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.
- The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year.

Municipal Property Rates Tariffs (Rate Randage)

BIG 5 HLABISA LOCAL MUNICIPALITY			
KZ276			
TARIFF CHARGES FOR 2020/2021			
			
Description	2020/21		
	EXCL VAT	VAT	INCL VAT
<u>SPORTFIELD HIRE</u>			
Sportfield Hire(where entrance fees are not charged)			
Sportfield Hire	2 614.78	392.22	3 007.00
Refundable Sportfield deposit	500.00	-	500
Sportfield Hire(where entrance fees are charged)			
Sportfield Hire	4 183.48	627.52	4 811
Refundable Sportfield deposit	500.00	-	500
<u>HALLS HIRE</u>			
Halls Hire(where entrance fees are not charged)			
Halls Hire	986.96	148.04	1 135
Halls Hire per hour	123.48	18.52	142
Refundable Halls Deposit	500.00	-	500
Halls Hire(where entrance fees are charged)			
Halls Hire	1 479.13	221.87	1 701
Halls Hire per hour	196.52	29.48	226
Refundable Halls Deposit	500.00	-	500
<u>CERTIFICATES</u>			
Rates Clearance Certificate	275.65	41.35	317
<u>PHOTOCOPYING</u>			
A4 Copy - Printed one side	0.87	0.13	1
A4 Copy - Printed Both sides	1.74	0.26	2
A3 Copy - Printed one side	1.74	0.26	2
A3 Copy - Printed Both sides	2.61	0.39	3
A4 Printer	1.74	0.26	2

BUILDING PLANS			
Application Fee	601.74	90.26	692
10m2 - 999m2 (or portion thereof)	14.35	2.15	17
Application Fee	1 505.22	225.78	1 731
1000m2-4999 (or portion thereof)	7.83	1.17	9
Application Fee	4 324.35	648.65	4 973
5000m2 and above	6.09	0.91	7
Building Plan Copy	130.43	19.57	150
SG Diagrams Copy	52.17	7.83	60
NB: In the event of laped Building Plans, 50% of the above fees are payables.			
ENFORCEMENT FEES			
Sport Fine: Applicable to buildings or transgressions	5 000.00	-	5 000
Daily Rate for transgression until submission of application for regulation	500.00	-	500 per day.
APPLICATION TYPE			
Zoning Certificate	34.78	5.22	40
MISCELLENEOUS FEES			
Copy of valuation roll	256.52	38.48	295
Hiring of Municipal office space / Municipal boardroom per hour	313.91	47.09	361
PARK FEE			
Use of Hlabisa Park for (weddings, parties and other social gatherings)	1 176.52	176.48	1 353
CEMETRY TARIFFS			
	1 599.13	239.87	1 839
LICENCE APPLICATIONS			
Dumping permits	289.57	43.43	333
Business licence	252.97	37.95	291
Informal traders permits	26.09	3.91	30
LIBRARY CONFERENCE ROOM / DISCUSSION ROOM			
Government Departments	504.35	75.65	580
Private sector	2 264.35	339.65	2 604
Hire of activity room	386.96	58.04	445
TRACTOR HIRE PER HOUR			
	210.43	31.57	242
TENDER DOCUMENT			
Tender document	521.74	78.26	600
HIRE OF GRADER (per hour)			
	452.17	67.83	520
REFUSE REMOVAL			
Residential - Town	180.00	27.00	207
Residential - Location	112.17	16.83	129
Residential - Outside Townn	348.70	52.30	401
Business	1 206.09	180.91	1 387

CATEGORY	RATE RANDAGE
Mining & Quarries	0.018851891
Rates-Commercial	0.018851891
Rates-Residential	0.01696412
Rates-Agriculture	0.004248926
Rates-SPL	0.004248926

2.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus. the comments from treasury department from the previous engagement were taken into consideration. It is widely accepted that the rendering of this service should at least break even, which is currently the case. The municipality is looking at this unit very closely to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

A 4 per cent increase in the waste removal tariff is proposed from 1 July 2020. Higher increases will not be viable in 2020/21 owing to the significant economic conditions from previous financial years till now, as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

2.4 Rental of facilities and Equipment

The main contributor to this line item is hiring of halls hence the explanation is mainly focused to hall hire. In previous years, the municipalities have built a number of community halls. The systems are in place for monitoring the hiring of halls. It is also noted that the municipality has rehabilitated and reconditioned most of community halls, which therefore means are in the proper state to be used. In the budget year 2020/21, the municipality has reviewed the tariffs on hiring halls. This will enable the municipality to increase its revenue attributable to rental of facilities. As part of rental of facilities, there is budget for hiring of sport fields, and considering that there is election in 2021 the municipality is expecting high turnover in this line item.

2.5 Interest earned on external investments

The Budgeted revenue against this line item is projected to increase by 4 percent as per Table above. The municipality will invest funds received that will not be immediately used, all investments will be short term and will be called back within the financial year although there is high expenditure and commitments which may affect this line item the 2019/2020 revenue generated on this line item was the perfect baseline to budget for the 2020/2021 financial year, same strategy will be used to generate interest.

2.6 Interest earned on outstanding debtors

Interest earned-outstanding debtors reflect a minor decrease of (R10 thousand) in 2020-21 financial year, Provincial treasury comments were taken into account and there were adjustments made on this line item, interest on outstanding debtors is charged at 1.5 percent per month as stipulated in the municipality's Credit control policy, thus calculation is based on anticipated Property Rates Billing and Refuse Billing.

2.7 Traffic Fines

The municipality has budgeted R936 000 in Traffic Fines which has increased by R36 000 thousand when compared to 2019/20. The municipality hasn't been doing well in this line item there are resolutions taken to improve income from this line item and will be monitored throughout the year to ensure that there is improvement in capturing of information to implementing new strategies which includes the idea of bringing back the speed camera to assist in generating revenue.

2.8 Other Revenue

Municipality has been receiving income from Insurance refunds which has been the main contributor for this line item followed by the second contributor which is the income received from the sale of documents the municipality is hoping to continuously receive income from this item going forward. The anticipated revenue from this line item include services such as the Federal airline, Photocopies, Business Licences, Business Plans and other minor revenues.

2.9 Licenses and Permits

The Municipality has budgeted for Licenses and permits of R2,498 million this is based on the current collection, the municipality has been making progress in trying to replace all the things that will allow all services provided by this department to smoothly operate while trying to re build the burnt down building. The Hluhluwe testing station is also operating although its only providing learners licenses it is generating revenue and will give a positive change in this line item.

2.10. Gains on disposal of PPE

The municipality has budgeted for this line item based on the Audited Financial Statements for the financial year ended 2018/19, the municipality holds the Land at Cost that is less than the Market Value which then gives the municipality a gain hence there is a budget of R2.6 million as the municipality is aiming to sell land during this budget year.

3. Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level of the 2020/21 budget and MTREF (classified as per table A4 main type of operating expenditure):

KZN276 Hlabisa Big Five - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type											
Employee related costs	2	55 814	68 490	73 774	81 538	81 538	81 538	81 538	86 634	92 265	98 262
Remuneration of councillors		5 766	7 917	7 420	7 930	7 930	7 930	7 930	8 426	8 952	9 512
Debt impairment	3	9 499	7 937	8 754	6 829	7 015	7 015	7 015	7 295	7 660	8 043
Depreciation & asset impairment	2	10 269	12 924	42 307	7 014	25 500	25 500	25 500	19 500	20 475	21 499
Finance charges		366	1 035	1 127	480	480	480	480	150	158	165
Bulk purchases	2	–	2 462	1 121	–	–	–	–	–	–	–
Other materials	8	2 288	–	–	5 500	–	–	–	–	–	–
Contracted services		425	18 981	22 786	9 106	20 026	20 026	20 026	22 453	23 482	24 652
Transfers and subsidies		–	2 079	2 086	950	1 600	1 600	1 600	2 065	1 528	2 277
Other expenditure	4, 5	39 415	18 563	21 291	24 899	24 910	24 910	24 910	27 479	28 906	30 351
Losses			1 204	721		–	–				
Total Expenditure		123 843	141 592	181 387	144 245	168 999	168 999	168 999	174 002	183 426	194 761

Employee Related Cost

Employee related costs is the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage. The budgeted allocation for employee related costs for the 2020/21 financial year totals R86,634 million, which equals 49 per cent of the total expenditure.

The following has been taken into consideration on the determination of Employee related costs:

The increase on Basic salaries of 6.25% (6% plus 1.5 % for CPI) based on the assumption and the collective SALGBC agreement which is relevant to 2020/21 financial year. An annual increase of 6.25% has been included in the two outer years of the MTREF.

There has been a high staff turnover rate from 2015/2016 emanating from the dissolved municipalities. This explains the 49 percent of the municipal employee related cost. The municipality has resolved not to appoint when the employees are resigning/retiring instead there will be an addition of services to people are qualified to undertake such task based on evaluation.

The cost associated with the remuneration of councillors is determined by the Minister of Co- Operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) and it was clearly mention in Circular 86 of the MFMA that was utilised when preparing the 2019/2020 Budget. The most recent proclamation in this regard has been considered in compiling the municipality's budget. It has been budgeted to be R8,426 Million for 2020/2021 financial year and the percentage increase that is coming up in December has also been considered in this budget.

Debt Impairment

The provision of Debt impairment was determined based on an annual collection rate of 70 percent for Property rates and Refuse, 8% for Fines and the Debt Write-off Policy of the Municipality. For the 2020/21 financial year this amount equates to R7,295 million and with the minor increase for the two outer years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Since 2016/17 Fines revenue has been decreasing and for this Municipality one would expect that Debt impairment expenditure will also decrease, upon submission of the indigent register to the Council the decision will then be taken as to what is supposed to happen either to write off long outstanding debt relating to Consumer debtors or come up with the strategy of debt recovery. There is a possibility that debt impairment budget includes Debt relating to Indigent customers.

Depreciation

Provision for Depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the asset consumption, the 2018-19 Asset Register is not yet updated hence all the estimates for 2020/21 depreciation are based on the asset register for 2018-19 Audited Financial Statements. Budget appropriations in this regard total to R19,500 million for the 2020/2021 financial year and equates to 11.11 percent.

Although the line item is a non-cash item it has negatively affected the budget, the municipality is adamant that although the budget is at deficit because of this line item to date it will improve in the coming Years, the following will be done to improve the financial performance;

- the municipality will ensure that the collection strategy implemented works to improve collection and decrease debt impairment.
- The Valuation roll is updated and the property rates billing will increase as at 1 July 2020.
- The municipality will do the reassessment of useful life of the assets, and is currently keeping all assets maintained to prolong the useful life thus depreciation may go down in the coming years.
- Decision to bring back the speed camera is also considered to ensure that the municipality revenue sources are improving the financial performance of the municipality.

Finance Charges

Finance charges make up 0.09 percent of operating expenditure. Included in this line item is the expenditure for bank charges, interest or penalties charged on delayed payments.

Other Material

As per treasury regulation this line item should be determined on the bases of 8% of the municipal PPE, however the budgeted estimation for this line item is R7,5 million this is based on the municipalities affordability supported by the asset maintenance plan, previous spending analysis. The municipality also considered that most of its Assets are new and are well maintained to ensure that spending in this line item is within budget, considerations are also that most of assets such as community halls has been attended to. The expenditure has been prioritised to ensure sustainability of the municipality's infrastructure & other community facilities. However, in table A4 the expenditure of Repairs and maintenance is under contracted services MSCOA classification.

Contracted Services

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. Some line items that forms part of contracted services has decreased as it was based in the previous spending analysis however in reality the estimate has increased to accommodate the changing times (prices of items). There is an increase in the Contracted and Services line item based on the adjustment made in Other Materials as explained above. It was also noted that at Mid-Year the line item was already towards the end of the budgeted allocation, there are contracts that were still running parallel which were the result of the merger and most of them has come to an end hence the additional increase is not based on the performance for the past six months. The municipality also spends most of its budget during the 1st semester as it's also charged license fees as part of the contacts which is paid at the beginning of the year. There are no duplicates of projects between other expenditure and this line item the municipality captured both line items guided by MSCOA classification the project that has i.e catering services will have the portion of catering as contracted while the balance of other activities is regarded as other expenditure.

Transfers and Grants

This line item has increased in 2020-21 as the municipality has increase some line items that falls under this line item which are Free Basic Electricity, Social relief, poverty alleviation and Disaster Social Relief.

Other Expenditure

KZN276 Hlabisa Big Five - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Supporting Table 01: Supporting detail to Budgeted Financial Performance											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
Other Expenditure By Type											
Collection costs						–	–	–			
Contributions to 'other' provisions						–	–	–			
Consultant fees		5 200	–		200	–	–	–	500	525	551
Audit fees		3 984	–	1 986	2 143	1 600	1 600	1 600	2 492	2 616	2 747
General expenses		16 915	5 247	5 457	7 980	4 339	4 339	4 339	10	52	54
Art & Culture		600	600	624	575	100	100	100	525	551	579
Sports and Recreation		530	530	551	500	110	110	110	100	105	110
Disaster Relief		600	600	624	400	150	150	150			
Training		800	800	832	500	180	180	180	680	714	749
Insurance		750	750	780	1 070	1 835	1 835	1 835	1 100	1 155	1 213
Fuel and Oil		900	900	936	600	1 900	1 900	1 900	1 500	1 575	1 654
Subsistence and travel		850	850	884	600	1 565	1 565	1 565	1 240	1 302	1 367
Children and disability programme		–	–	–	300	5	5	5	5	5	6
Social Upliftment		500	500	520	300	400	400	400			
Local Economic Development		1 300	1 300	1 352	1 000	1 000	1 000	1 000	200	210	221
Licences		400	400	416	1 100	350	350	350	320	336	353
Advertising		837	837	870	350	100	100	100	160	168	176
Stationery		750	750	780	981	581	581	581	600	630	662
Uniforms		–	–	–	560	500	500	500	700	735	772
Youth Support Programmes		–	–	–	700	150	150	150	300	315	331
Electricity		999	999	1 039	900	420	420	420			
Legal Fees		800	800	832	650	–	–	–			
Committee Expenses		200	200	208	2 940	2 740	2 740	2 740	2 340	2 457	2 580
HIV and Aids		2 500	2 500	2 600	300	50	50	50			
IT Support		–	–	–	–	1 300	1 300	1 300	2 640	2 772	2 911
Machine Rentals		–	–	–	–	1 600	1 600	1 600	1 800	1 890	1 985
Rental of Facilities - Leased Other Assets		–	–	–	–	30	30	30	450	473	496
Communication System		–	–	–	–	2 225	2 225	2 225			
IDP Road Shows		–	–	–	250	420	420	420	220	231	243
Accommodation		–	–	–	–	–	–	–	500	536	562
Tourism Indaba		–	–	–	–	–	–	–	50	53	55
Environmental Campaign		–	–	–	–	–	–	–	50	53	55
Town Planning		–	–	–	–	–	–	–	370	389	408
Cellphone Contract		–	–	–	–	–	–	–	2 700	2 835	2 977
Membership Fees - SALGA		–	–	–	–	–	–	–	1 600	1 680	1 764
Occupational Health		–	–	–	–	–	–	–	50	53	55
ARTS AND CULTURE - RELEGIOUS FRATENITY		–	–	–	–	–	–	–	20	21	22
Waste Management		–	–	–	–	–	–	–	330	347	364
EPWP		–	–	–	–	–	–	–	2 148	2 255	2 368
Women Summit		–	–	–	–	–	–	–	150	158	165
Senior Citizens		–	–	–	–	–	–	–	60	63	66
Telephone		–	–	–	–	–	–	–	1 000	1 050	1 103
Tracker		–	–	–	–	–	–	–	60	63	66
Publicity		–	–	–	–	–	–	–	250	263	276
Disaster Relief		–	–	–	–	1 260	1 260	1 260	–	–	–
Carrer Guidance		–	–	–	–	–	–	–	260	273	287
Total 'Other' Expenditure	1	39 415	18 563	21 291	24 899	24 910	24 910	24 910	27 479	28 906	30 351

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. A full breakdown has been provided in table above and there are items that are budgeted under general expenditure which includes the list below;

4. Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy, an amount of R800,000.00 is budgeted to provide for this service in the 2020/21 financial year.

The Municipality does not provide free basic on refuse collection yet will review the policy and will amend where necessary during adjustments budget.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		–	5 033	–	920	600	600	600	395	500	600
Vote 2 - Budget & Treasury Office		–	–	–	536	100	100	100	1 900	2 358	4 507
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community Services		13 664	13 364	17 233	13 065	15 251	15 251	15 251	18 442	9 031	8 601
Vote 5 - Planning Services		10 075	8 300	4 718	7 539	4 637	4 637	4 637	7 150	7 354	7 114
Vote 6 - Public Safety		–	–	–	1 298	5 000	5 000	5 000	6 502	6 562	6 250
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072

For 2020/21 an amount of R34,799 million has been appropriated for the development of infrastructure & other working equipment's. In the outer years this amount totals R25,806 million, and R27,072 million, respectively for each of the financial years.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

KZN276 Hlabisa Big Five - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	8 277	16 778	16 455	18 269	18 269	18 269	18 269	19 000	19 760	20 550
Service charges	1 470	2 020	2 077	2 354	2 354	2 354	2 354	2 448	2 546	2 648
Investment revenue	733	1 166	1 239	900	1 200	1 200	1 200	1 248	1 298	1 350
Transfers recognised - operational	84 710	101 769	102 821	116 661	117 526	117 526	117 526	124 897	132 425	140 945
Other own revenue	2 588	9 241	16 828	7 956	10 956	10 956	10 956	11 230	8 976	9 335
Total Revenue (excluding capital transfers and contributions)	97 778	130 974	139 419	146 140	150 305	150 305	150 305	158 823	165 004	174 827
Employee costs	55 814	68 490	73 774	81 538	81 538	81 538	81 538	86 634	92 265	98 262
Remuneration of councillors	5 766	7 917	7 420	7 930	7 930	7 930	7 930	8 426	8 952	9 512
Depreciation & asset impairment	10 269	12 924	42 307	7 014	25 500	25 500	25 500	19 500	20 475	21 499
Finance charges	366	1 035	1 127	480	480	480	480	150	158	165
Materials and bulk purchases	2 288	2 462	1 121	5 500	—	—	—	—	—	—
Transfers and grants	—	2 079	2 086	950	1 600	1 600	1 600	2 065	1 528	2 277
Other expenditure	49 339	46 684	53 552	40 834	51 951	51 951	51 951	57 227	60 048	63 047
Total Expenditure	123 843	141 592	181 387	144 245	168 999	168 999	168 999	174 002	183 426	194 761
Surplus/(Deficit)	(26 065)	(10 618)	(41 968)	1 894	(18 694)	(18 694)	(18 694)	(15 179)	(18 422)	(19 934)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 739	21 664	20 269	21 357	24 607	24 607	24 607	31 489	22 761	23 875
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—	—
	(2 326)	11 046	(21 699)	23 251	5 913	5 913	5 913	16 310	4 339	3 941
Surplus/(Deficit) after capital transfers & contributions	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(2 326)	11 046	(21 699)	23 251	5 913	5 913	5 913	16 310	4 339	3 941
Capital expenditure & funds sources										
Capital expenditure	23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072
Transfers recognised - capital	23 739	21 664	20 269	21 357	24 607	24 607	24 607	31 489	22 761	23 875
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	—	5 033	1 682	2 000	980	980	980	2 900	3 045	3 197
Total sources of capital funds	23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072
Financial position										
Total current assets	32 742	32 601	34 999	40 680	40 310	40 310	40 310	48 973	52 621	47 660
Total non current assets	268 162	278 602	256 897	348 897	252 297	252 297	252 297	272 306	277 696	283 331
Total current liabilities	49 663	37 863	38 027	11 696	11 696	11 696	11 696	18 230	19 668	21 124
Total non current liabilities	9 333	10 395	12 596	5 759	5 759	5 759	5 759	5 989	6 229	6 478
Community wealth/Equity	241 909	262 946	241 273	372 122	275 153	275 153	275 153	297 059	304 420	303 388
Cash flows										
Net cash from (used) operating	—	20 784	28 925	25 407	20 312	20 312	20 312	29 649	21 372	21 416
Net cash from (used) investing	—	(25 019)	(26 460)	(20 057)	(18 076)	(18 076)	(18 076)	(31 389)	(25 806)	(22 472)
Net cash from (used) financing	—	(541)	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	—	3 046	5 511	7 930	7 746	7 746	7 746	6 006	1 573	517
Cash backing/surplus reconciliation										
Cash and investments available	1 927	3 046	5 511	7 930	7 746	7 746	7 746	6 006	1 573	517
Application of cash and investments	17 295	28 605	20 042	(8 194)	(8 066)	(8 066)	(8 066)	(6 963)	(10 536)	(6 546)
Balance - surplus (shortfall)	(15 369)	(25 559)	(14 531)	16 124	15 812	15 812	15 812	12 969	12 108	7 063
Asset management										
Asset register summary (WDV)	278 307	256 632	348 897	252 297	252 298	252 298	252 298	272 019	277 397	283 020
Depreciation	10 269	12 925	42 307	7 014	25 500	25 500	25 500	19 500	20 475	21 499
Renewal and Upgrading of Existing Assets	6 000	14 500	15 351	15 757	17 987	17 987	17 987	23 837	14 395	15 193
Repairs and Maintenance	2 288	3 045	3 761	5 500	5 300	5 300	5 300	7 500	7 875	8 269
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	1 236	1 236	1 285	1 448	1 448	1 448	1 506	1 506	1 566	1 628
Households below minimum service level										
Water:	0	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	0	0	0	0	0	0	0	0	0	0
Energy:	0	0	0	0	0	0	0	0	0	0
Refuse:	9	9	9	9	9	9	9	9	9	9

Explanatory notes to MBRR Table A1 – Final Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts noted by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF

The deficit in table A4 also does not includes an amount of R2 900 for the 2020/2021 financial year, R3 045 for the 2021/2022 financial year and R3 197 for the 2022/2023 financial year, which is budgeted for internal generated funds i.e

- Roofing of Traffic Station
- Office Equipment
- Motor Vehicles
- Furniture and Equipment
- Computers

b. Capital expenditure is balanced by capital funding sources, of which

- Transfers recognised is reflected on the Financial Performance Budget;
- Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

4. The Cash backing/surplus reconciliation shows that in this financial year the municipality is paying much attention to managing this aspect of its finances, and therefore spending sims to be in the proper channel. This places the municipality in the good position in terms of surplus with no commitments or unmet obligations. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the new municipality to continue make progress in addressing service delivery backlogs.

KZN276 Hlabisa Big Five - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
Governance and administration		95 959	120 938	128 221	118 012	121 312	121 312	125 700	131 040	136 282
Executive and council		83 129	94 196	100 410	91 783	92 283	92 283	95 974	99 813	103 806
Finance and administration		12 830	26 742	27 812	26 229	29 029	29 029	29 726	31 227	32 476
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		4 252	4 913	5 109	7 121	11 237	11 237	10 168	10 574	10 997
Community and social services		2 173	1 974	2 053	3 771	3 176	3 176	3 303	3 435	3 573
Sport and recreation		2	—	—	—	3 250	3 250	3 380	3 515	3 656
Public safety		2 077	2 939	3 056	3 351	4 811	4 811	3 485	3 624	3 769
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Economic and environmental services		19 835	22 339	23 233	37 503	37 503	37 503	39 003	38 329	39 862
Planning and development		19 835	22 339	23 233	30 000	30 000	30 000	31 200	30 214	31 423
Road transport		—	—	—	7 503	7 503	7 503	7 803	8 115	8 440
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		1 470	4 448	3 125	4 860	4 860	4 860	15 441	7 821	11 560
Energy sources		—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		1 470	4 448	3 125	4 860	4 860	4 860	15 441	7 821	11 560
Other	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	121 517	152 638	159 689	167 497	174 912	174 912	190 312	187 765	198 702
Expenditure - Functional										
Governance and administration		73 334	92 660	98 813	60 664	82 324	82 324	85 617	89 042	92 603
Executive and council		33 185	31 288	34 986	27 707	30 525	30 525	31 746	33 016	34 336
Finance and administration		40 148	61 372	63 827	32 957	51 799	51 799	53 871	56 026	58 267
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		22 722	22 736	23 645	29 224	30 684	30 684	30 393	31 608	32 873
Community and social services		13 819	8 830	9 183	11 449	11 449	11 449	11 907	12 383	12 878
Sport and recreation		20	—	—	—	—	—	—	—	—
Public safety		8 883	13 906	14 462	17 775	19 235	19 235	18 486	19 225	19 994
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Economic and environmental services		26 317	14 390	14 966	46 986	46 986	46 986	48 865	50 820	52 853
Planning and development		23 811	4 537	4 719	19 472	19 472	19 472	20 251	21 061	21 903
Road transport		2 506	9 853	10 247	27 514	27 514	27 514	28 615	29 759	30 950
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		1 470	11 806	43 963	7 371	9 005	9 006	9 127	11 956	16 433
Energy sources		—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		1 470	11 806	43 963	7 371	9 005	9 006	9 127	11 956	16 433
Other	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	123 843	141 592	181 387	144 245	168 999	168 999	174 002	183 426	194 761
Surplus/(Deficit) for the year		(2 326)	11 046	(21 699)	23 251	5 913	5 913	16 310	4 339	3 941

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile “whole of government” reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

KZN276 Hlabisa Big Five - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Revenue by Vote	1									
Vote 1 - Executive & Council		83 129	94 196	100 410	91 783	92 284	92 284	95 975	99 814	103 807
Vote 2 - Budget & Treasury Office		12 809	26 462	27 521	26 206	29 005	29 005	29 701	31 201	32 449
Vote 3 - Corporate Services		21	280	291	23	23	23	24	25	26
Vote 4 - Community Services		2 175	1 974	2 053	3 771	6 426	6 426	6 683	6 951	7 229
Vote 5 - Planning Services		21 306	26 788	26 358	42 363	42 363	42 363	54 444	46 150	51 423
Vote 6 - Public Safety		2 077	2 939	3 056	3 351	4 811	4 811	3 485	3 624	3 769
Vote 7 - [NAME OF VOTE 7]		—	—	—	—	—	—	—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	121 517	152 638	159 689	167 497	174 912	174 912	190 312	187 765	198 702
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		33 185	31 288	34 986	27 707	30 525	30 525	31 746	33 016	34 337
Vote 2 - Budget & Treasury Office		21 572	46 590	48 453	15 033	33 705	33 705	35 053	36 456	37 914
Vote 3 - Corporate Services		18 576	14 782	15 373	17 924	18 094	18 094	18 818	19 571	20 353
Vote 4 - Community Services		13 839	8 830	9 183	11 449	11 449	11 449	11 907	12 383	12 878
Vote 5 - Planning Services		27 787	26 196	58 930	54 357	55 991	55 992	57 993	62 776	69 286
Vote 6 - Public Safety		8 883	13 906	14 462	17 775	19 234	19 234	18 485	19 225	19 994
Vote 7 - [NAME OF VOTE 7]		—	—	—	—	—	—	—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	123 843	141 592	181 387	144 245	168 999	168 999	174 002	183 426	194 761
Surplus/(Deficit) for the year	2	(2 326)	11 046	(21 699)	23 251	5 913	5 913	16 310	4 339	3 941

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

KZN276 Hlabisa Big Five - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Revenue By Source											
Property rates	2	8 277	16 778	16 455	18 269	18 269	18 269	18 269	19 000	19 760	20 550
Service charges - electricity revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	1 470	2 020	2 077	2 354	2 354	2 354	2 354	2 448	2 546	2 648
Rental of facilities and equipment		194	260	265	284	284	284	284	296	308	320
Interest earned - external investments		733	1 166	1 239	900	1 200	1 200	1 200	1 248	1 298	1 350
Interest earned - outstanding debtors		—	4 723	5 965	3 870	3 870	3 870	3 870	3 860	4 015	4 175
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		534	1 044	1 036	900	900	900	900	936	973	1 012
Licences and permits		1 555	1 879	2 354	2 402	2 402	2 402	2 402	2 498	2 597	2 701
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies		84 710	101 769	102 821	116 661	117 526	117 526	117 526	124 897	132 425	140 945
Other revenue	2	305	466	4 763	500	1 000	1 000	1 000	1 040	1 082	1 125
Gains		869	—	2 445	—	2 500	2 500	2 500	2 600	—	—
Total Revenue (excluding capital transfers and contributions)		97 778	130 974	139 419	146 140	150 305	150 305	150 305	158 823	165 004	174 827
Expenditure By Type											
Employee related costs	2	55 814	68 490	73 774	81 538	81 538	81 538	81 538	86 634	92 265	98 262
Remuneration of councillors		5 766	7 917	7 420	7 930	7 930	7 930	7 930	8 426	8 952	9 512
Debt impairment	3	9 499	7 937	8 754	6 829	7 015	7 015	7 015	7 295	7 660	8 043
Depreciation & asset impairment	2	10 269	12 924	42 307	7 014	25 500	25 500	25 500	19 500	20 475	21 499
Finance charges		366	1 035	1 127	480	480	480	480	150	158	165
Bulk purchases	2	—	2 462	1 121	—	—	—	—	—	—	—
Other materials	8	2 288	—	—	5 500	—	—	—	—	—	—
Contracted services		425	18 981	22 786	9 106	20 026	20 026	20 026	22 453	23 482	24 652
Transfers and subsidies		—	2 079	2 086	950	1 600	1 600	1 600	2 065	1 528	2 277
Other expenditure	4, 5	39 415	18 563	21 291	24 899	24 910	24 910	24 910	27 479	28 906	30 351
Losses		—	1 204	721	—	—	—	—	—	—	—
Total Expenditure		123 843	141 592	181 387	144 245	168 999	168 999	168 999	174 002	183 426	194 761
Surplus/(Deficit)		(26 065)	(10 618)	(41 968)	1 894	(18 694)	(18 694)	(18 694)	(15 179)	(18 422)	(19 934)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		23 739	21 664	20 269	21 357	24 607	24 607	24 607	31 489	22 761	23 875
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		(2 326)	11 046	(21 699)	23 251	5 913	5 913	5 913	16 310	4 339	3 941
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		(2 326)	11 046	(21 699)	23 251	5 913	5 913	5 913	16 310	4 339	3 941
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		(2 326)	11 046	(21 699)	23 251	5 913	5 913	5 913	16 310	4 339	3 941
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		(2 326)	11 046	(21 699)	23 251	5 913	5 913	5 913	16 310	4 339	3 941

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operational revenue is R168 823 million in 2020/21 and increases to R186 004 million by 2021/22.
2. Revenue to be generated from property rates is R18,269 million in the 2019/20 financial year and increases to R19,000 million by 2021/22 which represents 11.83 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to refuse removal constitutes the component of the revenue basket of the municipality totalling R2,354 million for the 2019/20 financial year and increasing to R2,448million by 2020/21. The 2020/21 financial year services charges amount to 1.5 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government Equitable share and other operating grants from National and Provincial Government.
5. Employee related costs is the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage. This expenditure line item has been greatly affected by the resolutions taken as a result of the merger effect.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		—	5 033	—	920	600	600	600	395	500	600
Vote 2 - Budget & Treasury Office		—	—	—	536	100	100	100	1 900	2 358	4 507
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 4 - Community Services		13 664	13 364	17 233	13 065	15 251	15 251	15 251	18 442	9 031	8 601
Vote 5 - Planning Services		10 075	8 300	4 718	7 539	4 637	4 637	4 637	7 150	7 354	7 114
Vote 6 - Public Safety		—	—	—	1 298	5 000	5 000	5 000	6 502	6 562	6 250
Vote 7 - [NAME OF VOTE 7]		—	—	—	—	—	—	—	—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget & Treasury Office		—	—	—	—	—	—	—	—	—	—
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 4 - Community Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Planning Services		—	—	—	—	—	—	—	—	—	—
Vote 6 - Public Safety		—	—	—	—	—	—	—	—	—	—
Vote 7 - [NAME OF VOTE 7]		—	—	—	—	—	—	—	—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total											
Total Capital Expenditure - Vote		23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072
Capital Expenditure - Functional											
Governance and administration		—	5 033	—	1 456	700	700	700	2 295	2 858	5 107
Executive and council		—	5 033	—	920	600	600	600	395	500	600
Finance and administration		—	—	—	536	100	100	100	1 900	2 358	4 507
Internal audit		—	—	—	—	—	—	—	—	—	—
Community and public safety		13 664	13 664	17 233	14 362	20 250	20 250	20 250	24 944	15 594	14 851
Community and social services		7 664	7 664	10 147	7 741	10 500	10 500	10 500	8 192	9 031	8 601
Sport and recreation		6 000	6 000	7 086	5 323	4 750	4 750	4 750	10 250	—	—
Public safety		—	—	—	1 298	5 000	5 000	5 000	6 502	6 562	6 250
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		10 075	8 000	4 718	7 539	4 637	4 637	4 637	7 150	7 354	7 114
Planning and development		4 075	2 000	—	2 455	3 068	3 068	3 068	1 512	1 138	1 194
Road transport		6 000	6 000	4 718	5 084	1 569	1 569	1 569	5 638	6 216	5 920
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		—	—	—	—	—	—	—	—	—	—
Energy sources		—	—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Functional	3	23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072
Funded by:											
National Government		23 739	21 664	20 269	21 357	21 357	21 357	21 357	21 239	22 761	23 875
Provincial Government		—	—	—	—	3 250	3 250	3 250	10 250	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	23 739	21 664	20 269	21 357	24 607	24 607	24 607	31 489	22 761	23 875
Borrowing	6	—	—	—	—	—	—	—	—	—	—
Internally generated funds		—	5 033	1 682	2 000	980	980	980	2 900	3 045	3 197
Total Capital Funding	7	23 739	26 697	21 951	23 357	25 587	25 587	25 587	34 389	25 806	27 072

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R34,389 million for the 2020/21 financial year and slightly increasing over the MTREF at levels of R25,806 million and R27,072 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

KZN276 Hlabisa Big Five - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash	1	1 927	3 500	5 511	7 930	7 746	7 746	7 746	6 006	1 573	517
Call investment deposits		–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	4 903	8 706	7 083	31 337	31 151	31 151	31 151	18 769	25 883	20 971
Other debtors		25 742	18 477	19 544	434	434	434	434	21 107	21 952	22 830
Current portion of long-term receivables		170	–	–	977	977	977	977	–	–	–
Inventory	2	–	1 918	2 861	3	3	3	3	3 090	3 214	3 342
Total current assets		32 742	32 601	34 999	40 680	40 310	40 310	40 310	48 973	52 621	47 660
Non current assets											
Long-term receivables											
Investments											
Investment property		293	1 378	961	29 784	29 784	29 784	29 784	1 037	1 079	1 122
Investment in Associate											
Property, plant and equipment	3	267 517	276 650	255 528	318 356	221 756	221 756	221 756	270 827	276 158	281 731
Biological											
Intangible		338	279	143	757	757	757	757	155	161	167
Other non-current assets		14	296	266					287	299	311
Total non current assets		268 162	278 602	256 897	348 897	252 297	252 297	252 297	272 306	277 696	283 331
TOTAL ASSETS		300 905	311 203	291 897	389 577	292 608	292 608	292 607	321 279	330 317	330 991
LIABILITIES											
Current liabilities											
Bank overdraft	1		454	0							
Borrowing	4	19	–	–	–	–	–	–	–	–	–
Consumer deposits		32 023	9	11							
Trade and other payables	4	17 295	37 301	37 918	11 696	11 696	11 696	11 696	18 123	19 557	21 009
Provisions		325	98	99					107	111	116
Total current liabilities		49 663	37 863	38 027	11 696	11 696	11 696	11 696	18 230	19 668	21 124
Non current liabilities											
Borrowing		202	90	57	–	–	–	–	–	–	–
Provisions		9 131	10 305	12 539	5 759	5 759	5 759	5 759	5 989	6 229	6 478
Total non current liabilities		9 333	10 395	12 596	5 759	5 759	5 759	5 759	5 989	6 229	6 478
TOTAL LIABILITIES		58 996	48 258	50 623	17 454	17 455	17 455	17 455	24 219	25 897	27 603
NET ASSETS	5	241 909	262 946	241 273	372 122	275 153	275 153	275 152	297 059	304 420	303 388
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		241 909	262 946	241 273	372 122	275 153	275 153	275 152	297 059	304 420	303 388
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	241 909	262 946	241 273	372 122	275 153	275 153	275 152	297 059	304 420	303 388

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good fiscal management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

KZN276 Hlabisa Big Five - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			6 320	13 522	12 788	12 788	12 788	12 788	13 300	13 832	14 385
Service charges			524		1 648	1 648	1 648	1 648	1 713	1 782	1 853
Other revenue			1 848	7 849	3 456	3 758	3 758	3 758	3 909	4 065	4 228
Transfers and Subsidies - Operational	1		84 710	114 659	132 661	132 066	132 066	132 066	135 127	141 925	148 945
Transfers and Subsidies - Capital	1		23 739	21 664	21 357	24 607	24 607	24 607	31 489	22 761	23 875
Interest			733	1 156	900	1 200	1 200	1 200	1 248	1 298	1 350
Dividends					–				–	–	–
Payments											
Suppliers and employees			(96 517)	(115 358)	(129 623)	(137 417)	(137 417)	(137 417)	(146 452)	(153 605)	(162 778)
Finance charges			(148)	(108)	(480)	(480)	(480)	(480)	(150)	(158)	(165)
Transfers and Grants	1		(425)	(14 458)	(17 300)	(17 858)	(17 858)	(17 858)	(10 535)	(10 528)	(10 277)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	20 784	28 925	25 407	20 312	20 312	20 312	29 649	21 372	21 416
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			–			3 300	3 300	3 300	3 000	–	4 600
Decrease (increase) in non-current receivables			(1 192)		3 300				–	–	–
Decrease (increase) in non-current investments			(88)		–	4 445	4 445	4 445	–	–	–
Payments					–						
Capital assets			(23 739)	(26 460)	(23 357)	(25 821)	(25 821)	(25 821)	(34 389)	(25 806)	(27 072)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(25 019)	(26 460)	(20 057)	(18 076)	(18 076)	(18 076)	(31 389)	(25 806)	(22 472)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing			(541)						–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(541)	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	(4 776)	2 465	5 351	2 235	2 235	2 235	(1 740)	(4 434)	(1 056)
Cash/cash equivalents at the year begin:	2		7 821	3 046	2 579	5 511	5 511	5 511	7 746	6 006	1 573
Cash/cash equivalents at the year end:	2	–	3 046	5 511	7 930	7 746	7 746	7 746	6 006	1 573	517

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Collection Rate

The Property Rates and Service Charges are at 70% collection rate this is mainly based on the 2019/2020 financial year's collection rate.

Traffic fines collection is estimated to be 8% based on the past two municipalities performance. The municipality is using the revenue strategy to collect the outstanding fines including the past debts.

Other Revenue

An additional amount of R2.4 million has been budgeted for Capital gains (proceeds) on disposal of PPE this income is anticipated on Sale of Land, other minor revenues are also budgeted as detailed in table SA1.

Suppliers and Employees

The Municipality has noted that the employee related cost is very high hence the municipality has resolved not to appoint when the employees are resigning/retiring instead there will be an addition of services to people are qualified to undertake such task based on evaluation. Only fill the critical vacant posts and resulted to a slight decrease on employee related costs.

There will be a close monitoring on spending patterns to reduce outflow of cash to suppliers and cost cutting measures are being implemented to reduce current obligations and pay outstanding creditors inherited from merged municipalities.

The municipality is aware of the cash flow challenges and is committed to try to partially settle all long outstanding creditors even though this will be a long process and will also affect the outer years.

The full year forecast amount reflected in Table A7 takes into account the full budget for 2019/2020 financial year and the creditors mentioned above. This was done to ensure that minimal creditors are carried forward to 2020/2021 financial year.

3. Capital Payments the municipality will not spend as anticipated should there be any financial constraints on internally generated funded capital projects.
4. The noted 2020/21 MTREF provide for a net increase in cash of R5,596 million for the 2020/21 financial year resulting in an overall projected positive cash position, and it must also be considered that the municipality did not budget for Vat as additional income, this means there's positive contribution to the funding of the municipal budget.

5. The 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

6. Cash and cash equivalents at the beginning of the year 2020/2021 is supported by the cash flow projection which reflects the current periods financial status and the municipality is anticipating that the closing balance for 2019/2020 will be more than R7,8 million which is the opening balance for 2020/2021 financial year.

KZN276 Hlabisa Big Five - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	–	3 046	5 511	7 930	7 746	7 746	7 746	6 006	1 573	517
Other current investments > 90 days		1 927	0	(0)	(0)	(0)	(0)	(0)	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		1 927	3 046	5 511	7 930	7 746	7 746	7 746	6 006	1 573	517
<u>Application of cash and investments</u>											
Unspent conditional transfers		4 806	1 695	3 007	1 268	1 268	1 268	1 268	1 268	1 268	1 268
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	12 489	26 910	17 035	(9 462)	(9 334)	(9 334)	(9 334)	(8 231)	(11 804)	(7 814)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		17 295	28 605	20 042	(8 194)	(8 066)	(8 066)	(8 066)	(6 963)	(10 536)	(6 546)
Surplus(shortfall)		(15 369)	(25 559)	(14 531)	16 124	15 812	15 812	15 812	12 969	12 108	7 063

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 86 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

All **unspent conditional transfers** include old transfers inherited from Hlabisa Municipality however the municipality has written off some as the feedback was sort though some are still there, (from both Provincial Treasury and COGTA). these grants as there are no records of them from the transferring bodies further communications are in progress to ensure that these balances are removed as they continue affecting the municipalities funding position.

Other working capital has increased because the Provincial Treasury's comments has been considered and recalculated gross consumer debtors which had a positive increase in this line item and also recalculated the creditors a supporting calculation will be submitted with this document.

Other provisions relate to leave provision as stated in municipal reserves policy which states that 75% of the leave accrued must be cash backed however employees are encouraged to take their leave days to insure that there's a decrease in this line item should it happen that the municipality pays out any leave. A6 has the provision for leave of R107 thousand.

Reserves of R5.9 million that is rehabilitation of the land fill site however upon thorough research the municipality will not be spending on the line item as the useful life of the dump site is not yet reached the supporting document is attached.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with Section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of Section 18 of the MFMA, it can be concluded that the adopted adjusted 2019/20 MTREF for the municipality was funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. Other working Capital requirements budget amount of –R8,231 million is based on the anticipated increase in debtors. There has been no write off as the Indigent Register has not yet been finalised and will have to consolidated. The corresponding Debt Impairment is also budgeted to increase over the years. Trade Creditors are budgeted at R18,123 million in Table SA3 for 2020/21 financial year. As indicated against payments to suppliers and employees, the municipality is in a process of ensuring full payment of creditors.

KZN276 Hlabisa Big Five - Table A9 Asset Management										
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSET REGISTER SUMMARY - PPE (WDV)	5	278 307	256 632	348 897	252 297	252 298	252 298	272 019	277 397	283 020
Roads Infrastructure		80 231	129 866	127 866	137 003	40 404	40 404	42 020	43 701	45 449
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure		–	1 070	1 070	1 113	1 113	1 113	1 158	1 204	1 252
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure		12 958	94 352	94 941	2 115	98 715	98 715	102 664	106 770	111 041
Infrastructure		93 189	225 288	223 877	140 231	140 232	140 232	145 841	151 675	157 742
Community Assets		60 011		93 676	81 525	81 525	81 525	94 415	92 690	90 924
Heritage Assets										
Investment properties		100 297	30 594	30 594	29 784	29 784	29 784	30 975	32 214	33 503
Other Assets										
Biological or Cultivated Assets										
Intangible Assets		24 810	749	749	757	757	757	787	819	852
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	278 307	256 632	348 897	252 297	252 298	252 298	272 019	277 397	283 020

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog.

KZN276 Hlabisa Big Five - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800
Piped water inside yard (but not in dwelling)		3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Using public tap (at least min.service level)	2	2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884	2 884
Other water supply (at least min.service level)	4	963	963	963	963	963	963	963	963	963
<i>Minimum Service Level and Above sub-total</i>		8 647	8 647	8 647	8 647	8 647	8 647	8 647	8 647	8 647
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		47	47	47	93	47	47	47	47	47
<i>Below Minimum Service Level sub-total</i>		47	47	47	93	47	47	47	47	47
Total number of households	5	8 694	8 694	8 694	8 740	8 694	8 694	8 694	8 694	8 694
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800	1 800
Flush toilet (with septic tank)		3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Chemical toilet		900	900	900	900	900	900	900	900	900
Pit toilet (ventilated)		2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700
Other toilet provisions (> min.service level)		183	183	183	183	183	183	183	183	183
<i>Minimum Service Level and Above sub-total</i>		8 583	8 583	8 583	8 583	8 583	8 583	8 583	8 583	8 583
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		93	93	93	93	93	93	93	93	93
No toilet provisions		63	63	63	63	63	63	63	63	63
<i>Below Minimum Service Level sub-total</i>		156	156	156	156	156	156	156	156	156
Total number of households	5	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739
Energy:										
Electricity (at least min.service level)		8 400	8 400	8 400	8 400	8 400	8 400	8 400	8 400	8 400
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		8 400	8 400	8 400	8 400	8 400	8 400	8 400	8 400	8 400
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		339	339	339	339	339	339	339	339	339
<i>Below Minimum Service Level sub-total</i>		339	339	339	339	339	339	339	339	339
Total number of households	5	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739
Refuse:										
Removed at least once a week		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		4 497	4 497	4 497	4 497	4 497	4 497	4 497	4 497	4 497
Using own refuse dump		4 242	4 242	4 242	4 242	4 242	4 242	4 242	4 242	4 242
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739
Total number of households	5	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739	8 739
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)		60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000
Water (kilolitres per household per month)		4	4	4	4	4	4	4	4	4
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		618	618	643	724	724	724	753	783	814
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		618	618	643	724	724	724	753	783	814
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	6	1 236	1 236	1 285	1 448	1 448	1 448	1 506	1 566	1 628

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. Figures reflected in Table A10 for different services were based on the information obtained from the District.
2. It is anticipated that these Free Basic Services will cost the municipality R800 thousands in 2020/21 with no anticipated increases in the outer years. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor will table in Council the required IDP and budget time schedule on 31 August 2020. Key dates applicable to the process were:

- **August 2020** – Strategic planning session of the Mayor and Executive Management. Aim: to review past performance trends for dissolved municipalities of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2020/21 MTREF;

- **November 2020** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2021**- Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2021**– Multi-year budget proposals are submitted to the Mayor for endorsement;
- **25 January 2021**- Council considers the 2020/21 Mid-year Review and Adjustments Budget;
- **February 2021**- Recommendations of the Mayor are communicated to the Budget Steering Committee, and on to the respective departments. The final 2021/22 MTREF is revised accordingly;
- **31 March 2021** - Tabling in Council of the final 2021/22 IDP and 2021/22 MTREF for public consultation;
- **April 2021**– Public consultation;
- **May 2021** - Closing date for written comments;
- **May 2021** – finalization of the 2021/22 IDP and 2021/22 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2021** - Tabling of the 2021/22 MTREF before Council for consideration and approval.

There will be no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This plan will be started in September 2020 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2020/21 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2020/21 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid- year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme. The final SDBIP were submitted to National and Provincial Treasuries. The Final documents will also be submitted as per the requirement of the MFMA.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Performance trends
- The approved 2019/20 Adjustments Budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritization process.

2.1.4 Community Consultation

The final 2020/21 MTREF as tabled before Council on 29 May 2020 for community consultation will be published on the municipality's website, and hard copies will be made available at, municipal notice boards, Tribal Authorities and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilized to facilitate the community consultation process from 1 April 2020

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalization of the 2019/20 MTREF. Feedback and responses to the submissions received are available on request.

2.2 Overview of alignment of annual budget with IDP

The Constitutional mandates for local government lies with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources

and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

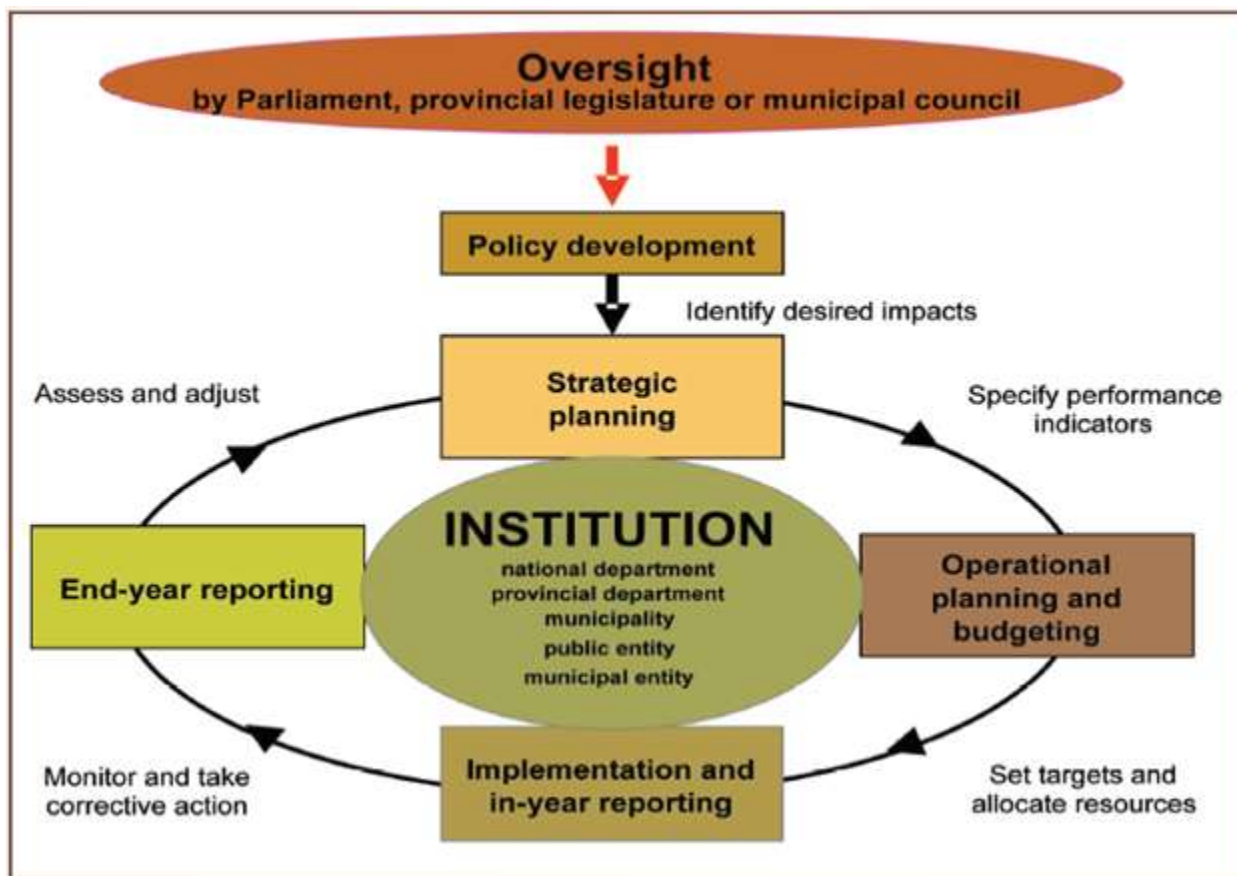


Figure 5 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);

- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

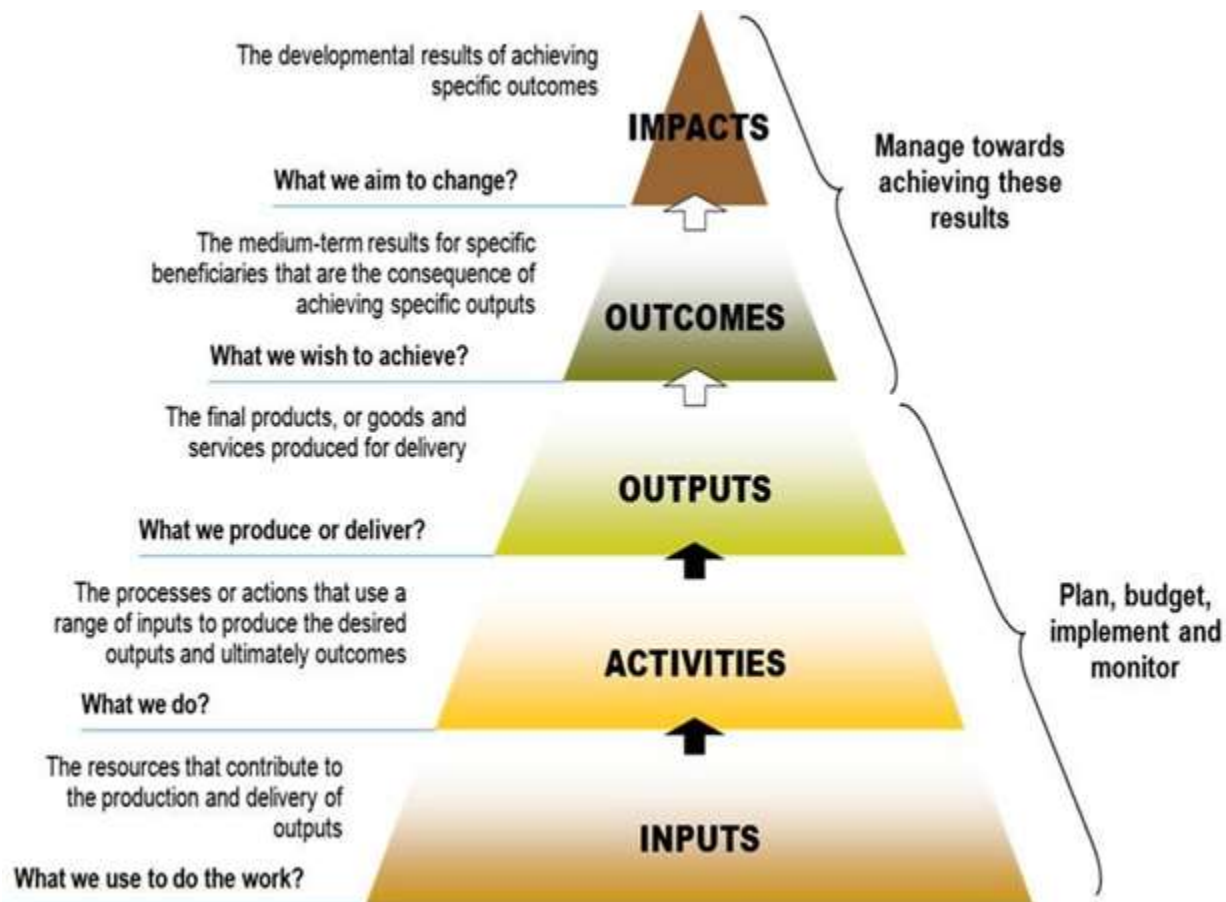


Figure 6 Definition of performance information concepts

KZN276 Hlabisa Big Five - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		102 069	112 704	99 992	129 289	130 749	130 749	130 955	137 524	144 328
Local Government Equitable Share		66 133	84 732	94 296	107 783	107 783	107 783	116 077	125 324	133 428
Finance Management		3 651	3 800	3 870	3 000	3 000	3 000	2 500	2 700	2 900
Integrated National Electrification Programme		19 646	14 000	–	16 000	16 000	16 000	8 470	9 000	8 000
EPWP Incentive		3 386	1 892	1 826	2 506	2 506	2 506	2 148	–	–
Municipal Demacation Transition Grants		9 252	8 280	–						
Municipal Systems Improvement Grant								300	500	–
Disaster Relief Grant						1 460	1 460	1 460	–	–
Provincial Government:		2 114	1 974	9 176	3 372	2 777	2 777	4 172	4 401	4 617
Provincialisation of Libraries		1 756	1 598	1 676	1 760	1 165	1 165	1 809	1 871	1 964
Community Library Service Grant		358	376	950	1 612	1 612	1 612	2 363	2 530	2 653
Schemes Support Programme			–	750						
Massification Programme				5 800						
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	104 183	114 678	109 168	132 661	133 526	133 526	135 127	141 925	148 945
<u>Capital Transfers and Grants</u>										
National Government:		23 739	21 664	21 000	21 357	21 357	21 357	21 239	22 761	23 875
Municipal Infrastructure Grant (MIG)		23 739	21 664	21 000	21 357	21 357	21 357	21 239	22 761	23 875
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		–	–	–	3 250	3 250	3 250	10 250	–	–
Sports and Recreation					3 250	3 250	3 250	10 250	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	23 739	21 664	21 000	24 607	24 607	24 607	31 489	22 761	23 875
TOTAL RECEIPTS OF TRANSFERS & GRANTS		127 922	136 342	130 168	157 268	158 133	158 133	166 616	164 686	172 820

2.4 Overview of budget policies

Tariff Policy – the policy prescribes the procedures for calculating tariffs. This policy is required in terms of Section 74 of the Local Government Municipal System Act, Act 32 of 2000; Status: Adopted

- **Rates Policy** – a policy required by the Municipal Property Rates Act, Act 6 of 2004. This policy provides the framework for the determination of rates; this has been implemented with the Municipal Property Rates Act with effect from 1 July 2009. Policy has to be reviewed annually when the final budget is submitted. Status: Adopted
- **Indigent Support Policy** – The criterion for benefits under this scheme is part of the credit control policy. An indigent is kept up to date in a form of a monthly register and a separate indigent policy has been developed in line with this. The survey forms to qualify for the indigent support must be completed annually. The Municipality may annually as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy but subject to principles of sustainability and affordability. An indigent customer shall automatically be deregistered if an audit or verification concludes that the financial circumstances of the indigent customer have changed to the extent that he/she no longer chances the qualifications. The indigent customer may at any time request deregistration. Status: Adopted
- **Budget Policy** – The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipal's priorities in the formulation of the final and the final budget document proposal. A budget, as per S71 of the MFMA, is subject to monthly control and be reported to Council with recommendations of action to be taken to achieve the budget's goals. The budget is also subject to a mid-term review which might result in a revised budget, thereby resulting in the adjustments budget, which is in terms of S28 of the MFMA. Unfinished capital project budgets shall not be carried forward to future fiscal years unless the project expenditure is committed or funded from grant funding, which will require the rolling over of those funds together with the project. This policy set out the principles which must be followed in preparing a Medium-Term Revenue and Expenditure Framework Budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies. Status: Adopted
- **Asset Management Policy** – the objective of the policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment; Status: Adopted
- **Accounting Policy** – the policy prescribes the basis of presentation of the Annual Financial Statements in accordance with the Generally Recognized Accounting Practices and Accounting Standards; Status: Adopted
- **Supply Chain Management Policy** – this policy is developed in terms of Section 11 of the Municipal Finance Management Act, Act 56 of 2003. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services Status: Adopted
- **Subsistence and Travel Policy** – this policy regulates the reimbursement of travelling and subsistence cost to officials and councillors attending official business Status: Adopted

- **Credit Control and Debt Collection Policy** – this policy provides for credit and debt collection procedures and mechanisms to ensure that all consumers pay for the services that are supplied. Status: Adopted
- **Investment Policy** – this policy was compiled in accordance with the Municipal Investment Regulation R308 and ensures that cash resources are managed in the most efficient and effective manner possible Status: Adopted
- **Short-term Insurance Policy** – the objective of the policy is to ensure the safeguarding of Council's assets Status: Adopted
- **Principles and Policy on Borrowings**– The purpose of this policy is to ensure that borrowing forms part of the financial management procedures of the Municipality and to ensure that prudent borrowing procedures are applied consistently. Status: Adopted
- **Reserve's Policy** – The funding and reserves policy aims to ensure that the Municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, The country is facing downturn economically and effective measures to boost the economy are required. Hopefully government intervention will assist the economy and avoid the possible recession that can be headed should no improvement is done economically. Fortunately enough Standard & Poor (S & P) review done Friday, 3rd of June 2018 favoured the SA and work done to turnaround the economy is promising.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2020/21 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration.

2.5.3 Collection rate for revenue services

Tariffs and rating increases will increase at a rate slightly higher than CPI over the long term but will have to be matched to ensure that communities are billed and charged equally. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 70 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing "households" is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the "poor household" limits consumption to the level of free basic services.

2.5.5 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.6 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent is applied for the capital budget for the 2020/21 MTREF of which performance has been factored into the Cash flow budget.

2.6 Councillor and employee benefits

KZN276 Hlabisa Big Five - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		3 939	5 192	5 517	5 654	5 654	5 654	6 008	6 383	6 782
Pension and UIF Contributions				–						
Medical Aid Contributions				–						
Motor Vehicle Allowance		1 254	1 731	1 839	1 665	1 665	1 665	1 769	1 880	1 997
Cellphone Allowance		498	600	637	548	548	548	582	618	657
Housing Allowances				–				–	–	–
Other benefits and allowances		75	468	497	62	62	62	66	70	75
Sub Total - Councillors		5 766	7 991	8 490	7 929	7 929	7 929	8 425	8 952	9 511
% increase	4		38.6%	6.3%	(6.6%)	–	–	6.3%	6.3%	6.3%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 203	1 898	2 017	3 335	3 335	3 335	3 543	3 765	4 000
Pension and UIF Contributions		9	236	251	201	201	201	214	227	241
Medical Aid Contributions		72		–	0	0	0	0	0	0
Overtime				–	–	–	–	–	–	–
Performance Bonus				–	–	–	–	–	–	–
Motor Vehicle Allowance	3	595	588	625	773	773	773	821	873	927
Cellphone Allowance	3	83	75	80	95	95	95	101	107	113
Housing Allowances	3		346	368	426	426	426	453	481	511
Other benefits and allowances	3	214	253	269	21	21	21	22	24	25
Payments in lieu of leave		48	–		55	55	55	59	63	66
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		4 223	3 398	3 610	4 906	4 906	4 906	5 213	5 539	5 885
% increase	4		(19.5%)	6.3%	35.9%	–	–	6.3%	6.3%	6.3%
Other Municipal Staff										
Basic Salaries and Wages		36 730	45 776	48 637	57 945	57 945	57 945	61 567	65 415	69 503
Pension and UIF Contributions		5 078	6 064	6 443	5 396	5 396	5 396	5 733	6 091	6 472
Medical Aid Contributions		2 375	3 139	3 335	3 289	3 289	3 289	3 495	3 713	3 945
Overtime			415	441	95	95	95	101	108	114
Performance Bonus		1 965	3 837	4 077	4 151	4 151	4 151	4 410	4 686	4 979
Motor Vehicle Allowance	3	3 117	4 230	4 495	4 062	4 062	4 062	4 316	4 586	4 873
Cellphone Allowance	3	105	189	201	17	17	17	18	19	20
Housing Allowances	3	44	71	76	66	66	66	71	75	80
Other benefits and allowances	3	1 517	253	269	1 464	1 464	1 464	1 556	1 653	1 756
Payments in lieu of leave		659	464	493	146	146	146	155	164	175
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		51 590	64 439	68 467	76 632	76 632	76 632	81 422	86 510	91 917
% increase	4		24.9%	6.3%	11.9%	–	–	6.2%	6.3%	6.3%
Total Parent Municipality		61 579	75 828	80 567	89 468	89 468	89 468	95 059	101 001	107 313
			23.1%	6.3%	11.0%	–	–	6.2%	6.3%	6.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		61 579	75 828	80 567	89 468	89 468	89 468	95 059	101 001	107 313
% increase	4		23.1%	6.3%	11.0%	–	–	6.2%	6.3%	6.3%
TOTAL MANAGERS AND STAFF	5,7	55 813	67 837	72 077	81 538	81 538	81 538	86 634	92 049	97 802

2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In-year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA taken from dissolving municipalities.

4. Audit Committee

The Municipality will establish its Audit Committee and ensure it is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a final stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the municipality's internal centre and training is ongoing.

8. Policies

Budget related policies has been reviewed and tabled to council for approval.

2.8 Municipal manager's quality certificate

I Dr Vusumuzi J. Mthembu Municipal Manager of the Big 5 Hlabisa Municipality, hereby certify that the annual final budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name:.....

Municipal Manager of Big 5 Hlabisa Municipality (KZN276)

Signature

Date